

# STATE OF LIVE STOCK INDUSTRY ITS CONDITION AND PROBLEMS

Address of President H. A. Jastro on the Eve of His Retirement from Head of American National Live Stock Association

Of so much importance to the live stock industry was the address of President H. A. Jastro of the American National Live Stock Association before the convention at San Francisco on the eve of his retirement, that it is here presented in full.

This is the second time the American National Live Stock Association has held its annual convention in California, and I am particularly pleased that you are meeting here this year because of the great Panama-Pacific exposition, for I am sure that the benefits and pleasure you will derive from visiting the exposition will more than compensate you for your trip to the coast.

The present is an eventful epoch in the world's history. Most of the civilized nations are at war. We should be grateful that our country is at peace, and thankful that the disastrous effects of this war have not more seriously disturbed our commercial and industrial life.

The war has demonstrated how interwoven is the international commercial fabric, and how every civilized nation is, in a greater or less degree, dependent on the supplies, the markets, and the credit of other countries.

When the war began, our public press was filled with optimistic prophecies as to the benefits to be derived by this country from an increased demand for our products of all kinds, at highly remunerative prices, and from the capturing of markets not heretofore enjoyed by us; that, in fact, we would supply most of the world with food-stuffs, and at the same time be its banker and manufacturer. These predictions of our unchallenged commercial supremacy will, I fear, not be realized. Temporarily we may increase our exports, but in the end we must buy from other countries approximately as much as we sell abroad, in order to maintain a proper trade equilibrium. Live stock is selling on all the markets in this country on a lower level of prices than prevailed previous to the war, notwithstanding the fact that receipts at all market points and the total slaughter have been less than the average of corresponding periods of recent years.

On account of the war, our exports of canned meats have increased but the total amount and value of our exports of meat products for 1914 were less than in 1913, and for the last six months of 1914 were but little different from those of the same months in 1913. Possibly our exports of meat products to the European continent would increase if the difficulties and uncertainties of ocean transportation were removed. Dealers hesitate to ship for fear of seizure, delay, and possible total loss. Largely for this reason, our exports of meats to Europe have materially decreased, and the trade is at a standstill.

It has been frequently stated that after the war is ended the countries engaged will be practically denuded of meat-food animals and meat-food products, and that consequently there will be an immense foreign demand for our meat products. That statement assumes that the consumers abroad will have the purchasing power to buy our meat products after the close of the war. On the contrary I believe their ability to buy our meat products will be smaller than before the war.

Another result of the war has been the temporary lessening of importation of meat from Argentina, Uruguay, Australia, New Zealand, no meat has been shipped here since the war began, owing to the action of their governments. In any event, only a small amount could have been shipped here, because of high prices prevailing there. Possibly after the war is ended the United States may receive a greater amount of meat products from those surplus countries, on account of the lack of buying power of other consuming nations.

According to the report of the department of commerce the total value of the imports of meat food products during 1914 was \$36,023,510; the imports of meat-food animals, mostly feeder cattle from Mexico and Canada for further finishing, were valued at \$20,218,391; a total of \$56,241,901, or less than 4 per cent of the value of all wholesale of our domestic consumption of meat products. The total value of our exports of meat-food products during 1914 amounted to \$128,282,034; or about 8 per cent of the value of all wholesale of our domestic meat consumption. The value of our exports of meat-food animals amounted to only \$90,406. Our imports consisted largely of beef, with some mutton; while hog products represented the bulk of our exports.

The foreign demand for our meats does not now exert so important and permanent an influence on prices as in former years when our exports of meat food animals and meat food products amounted to 25 per cent of our production, and no foreign meats were imported.

The volume of our production of meat products, and our capacity to consume them are now far greater factors in price making than our im-

ports or exports of meat products. Our home market fixes the mean average price.

There have been so many statements published about decrease in meat-food animals in this country that the general public is obsessed with the idea that a calamitous shortage exists. This is not true, for we still export more meat-food products than we import, and shall probably continue to do so for many years, unless prices drop to an unprofitable level. The marked shrinkage in value of beef cattle and hogs during the past six months shows that our production is at least keeping pace with, if indeed it is not ahead of, our home consumption.

As I view it, the most important question confronting the stockmen, the public and the government is not so much how to increase the production of live stock, as it is to eliminate any present unnecessary expenses in raising and marketing live stock and distributing its products, so that both the producer and consumer will be substantially benefited. Federal supervision of the open range is one economy I have in mind which would lessen the cost of raising live stock.

In December, 1913, Hon. David F. Houston, secretary of agriculture, appointed a special committee of five to study the economics of the meat situation, including methods for improvement in live stock conditions and increasing production in order to prevent a shortage. This committee outlined a comprehensive plan of work, appointed several sub-committees, and delegated to the various bureaus of the government the collection of data regarding the cost of producing live stock on the range, in the forest reserves, and in feed lots, its marketing and slaughtering, the distribution of the meat products, and all other phases of the business. These committees reported to the honorable secretary of agriculture and in his very admirable report for 1914, Secretary Houston discussed at some length the live stock and meat problem, pointing out the possible avenues through which production can be enlarged to offset the decrease in the west on account of unsatisfactory range conditions. It is quite evident from Secretary Houston's analysis of the question that he believes live stock could be more economically raised in the range country under some form of federal control of the public domain. His conclusions coincide exactly with the statements made by this association for many years.

In previous annual addresses I have referred in detail to the open range problem, and have many times asserted that the decreased production of live stock in the west was directly attributable to the unsatisfactory range conditions, and the inability to establish a permanency of breeding thereon; and that the cost of the production of live stock in the west could be lessened if some system of range control were established. This has been a vital question with stockmen almost since the inception of this association. At first there was a wide difference of opinion among the stock-raisers of the west, but in recent years the great majority are favoring federal control of the open range. In 1908 this association formulated a bill providing for federal supervision of the open range along lines substantially similar to those controlling the administration of grazing on the national forests. That bill, with some modifications, has been reintroduced at succeeding sessions of congress. There have been many hearings on the various bills, and we have diligently endeavored to secure favorable action, so far without success. Now that the department of agriculture definitely attributes the reduction in live stock in the west to unsatisfactory grazing conditions, I hope that congress will soon awaken to a realization of the great importance of this legislation.

In March of last year the public lands committee of the house of representatives held lengthy hearings on House Bill No. 10539, introduced in congress by Hon. William Keet, of California, and endorsed by this association at our last meeting. At these hearings your association was represented by Mr. Heard, the first vice president, five other members of our executive committee, and twelve stockmen from different sections of the west.

Our evidence before the committee was intended to prove, and it is believed that we were successful in convincing some of its members, (1) that some form of federal regulation of the so-called semi-arid open range, along the lines of the Kent bill, was endorsed by the great majority of stockmen in the grazing states in the west; (2) that the small stockmen were in favor of the legislation, and particularly those in the irrigated sections where there were large tracts of range adjacent to irrigated lands; (3) that it would enable stockmen to conduct their business on a more stable basis and at less expense; and (4) that settlement would be promoted in the semi-arid west, instead of being retarded, because of the fact that stockmen, if afforded reasonable protection, would develop water on the semi-arid range, and this together with the protection afforded by the government, would result (as it has in the forest reserves) in attracting large sections and smaller stockmen to use the range.

The benefits that would accrue to the entire country from the passage of such a measure are well known to every practical stockman, and it is truly surprising that congress is so tardy in recognizing them.

There have been other bills introduced in congress for the disposition of the remaining public domain. One bill, H. R. 15799, No. provides for

stock-raising homesteads" passed the house of representatives on January 18, 1915, was introduced in the senate, referred to its committee on public lands, and reported by that committee without amendment; but failed of passage at the last session of congress.

Under this bill the secretary of the interior is authorized to designate as stock-raising lands those lands which are of such character that 640 acres are reasonably required for the support of a family, and the entryman is required to make permanent improvements on the land of not less than \$125 per acre. It also provides that those parties who have already acquired land under other land laws may increase their holdings up to 640 acres.

This bill was prepared by the interior department; its purpose is to secure the establishment of permanent homes for bona fide entrymen, and it is designed to apply only to land that possesses agriculture possibilities for raising crops, as well as having grazing value. The advocates of the measure claim that all the government land on which a man can make a living on 160 or 320 acres has been exhausted, and that a larger allotment is now necessary to encourage the homesteader to take up a claim. Some of its supporters assert that many of those who filed on 320 acre homesteads, in certain parts of the semi-arid west, could not exist on that amount of land. This is lamentably true, and I might further add that on the vast majority of the remaining public domain a homesteader cannot make a living on 640 acres. In fact there are millions of acres of government land in the west on which it would take a most experienced stockman with considerable capital to succeed on five or even ten sections.

The theory of the bill is most commendable, viz., to provide a grazing homestead on which a man could make a living. I wish, however, to impress upon congress that this bill, to a limited extent only, aids in the solution of the question of the highest and most beneficial use of the remaining public domain.

There are now approximately 300,000,000 acres of unappropriated unreserved public lands outside of the national forests. Only a small fraction thereof has any agriculture possibilities, and under this bill, the secretary of the interior, which we believe to be entry land of which, owing to its general character or general conditions, in his opinion, 640 acres clearly will not support a family." In my judgment it is not likely that more than 20,000,000 acres ever will come under the provisions of this bill, if finally passed, and that is less than 7 per cent of the remaining public domain.

Our association should support this bill and, so far as lies in our power, we should assist the secretary of the interior in the very difficult task of designating those lands where 640 acres will support a family. It is not our policy to oppose the legitimate homesteader, nor do we want any legislation that will in any wise abridge or interfere with his rights. Any land in the west with agricultural possibilities should always remain open to settlement. It is my opinion that this bill will dispose of all the land that under the present methods can be called semi-agricultural. The remainder will be strictly grazing land, which we believe should be controlled along similar lines as the administration of grazing on national forests. Such is the intent of the Kent bill.

Federal regulation of the open range does not mean permanent disposition of it. A law providing for such regulation by lease or otherwise would be modified or repealed if congress should finally decide to open the land to entry in 2 to 19 section tracts. Until that time comes the most beneficial use of it would result from temporary federal administration through lease or otherwise.

The question of federal control of the open range is also of paramount interest to the feeders of live stock in the corn belt and to all consumers of meat products. Cattle, sheep, and lambs can be raised cheaper on the breeding grounds in the range countries than on the high-priced agricultural lands in the middle west. The only available source for an adequate supply of feeder stock is in the range country.

The production of beef in the settled farming districts might be increased, as suggested by Secretary Houston in his annual report, but that field does not promise as practical an avenue for economical production of young cattle and sheep as the range breeding countries.

In my annual address last year I stated:

"For many years the American people have been supplied with choice meat at a very low price, and part of the time at less than the actual cost of production. The advance to a higher level in the past few years, along with the increase in the cost of other foods, has provoked a vast amount of theorizing on the causes and remedies. The price of live stock and meats will never again be as low as in former years, and the public may as well become reconciled to that fact now. There are now fewer cattle in this country per capita than in former years. The reason is that the business of raising and maturing them has not been so profitable or stable as other branches of agriculture or trade. Our capacity for the production of cattle has not been reached; the present output could probably be doubled. Remunerative and steady prices will bring this about, while unprofitable prices will discourage production."

Unremunerative prices, ruinous market fluctuations, lack of stability in prices, difficulties in financing live stock, and the fact that the basis, and fear of the effect of the removal of the duty on live stock and meat, as well as unsatisfactory range conditions, have all had a forcible influence toward discouraging the raising and maturing of more live stock. They are the causes which brought about present conditions, and the first step toward furnishing an adequate supply of live

stock at all times is to devise a remedy for them.

I do not contend that the prices paid for live stock during the past three years have not on the average yielded a fair return, particularly to the range man and those who raise young stock for further finishing in the feed-lots. The feeder who bought stockers or feeders has not fared so well, but taking the entire three-year period into consideration, his returns have been fairly remunerative, despite the violent fluctuations in market prices. For the past four months, however, stockmen have generally been marketing their fat cattle at a loss. The decline of from \$1.50 to \$2.00 per hundred pounds on beef cattle in December and January resulted in great losses to most of the feeders.

These ruinous fluctuations are not unusual; while frequent, they occur without any regularity. Under present conditions where a feeder fills his feed-lots with stock for fattening, he is speculating on the price he will receive when ready for market. This speculative element has driven many out of the business and deterred others from engaging in it. Stable, and reasonably profitable prices are a prerequisite to the successful production of live stock. Human nature prompts everyone to buy as cheaply as possible. The slaughterer is not different from the rest of us. He avails himself of every chance agency or influence affecting prices, and when conditions favor, he forces large declines in the market. This in turn affects production, and the situation gradually reverses itself, the buyers later paying much higher prices.

These ups and downs in the market do not exist to so great an extent in any other live stock producing country on the globe. It may be that so long as the present centralization of the meat-packing and other allied industries at large markets continues, it will be difficult to correct the evils flowing from wide fluctuations in prices. I believe that this association should take the initiative in arranging for a conference between the officials of the department of agriculture, and all interested consumers, raising, maturing and marketing live stock for the purpose of securing, if possible, more stable, and fairly remunerative prices.

The difficulties of financing live stock loans on a reasonable basis is another burden weighing heavily on the industry. This subject will be discussed by Mr. Bassett, of our executive committee, and I will only say that stockmen pay too high a rate of interest for the money they borrow at the banks, loan companies, and elsewhere.

The fear that the removal of the duty on live stock and meats might hurt the live stock business in this country has also been a deterrent influence in extending production. It was vigorously asserted by the supporters of the Underwood tariff bill that the placing of meat and live stock on the free list would result in cheaper prices. This proved to be a delusion, so far as the consumer is concerned.

Live stock conditions in other countries change as they do here, and no one can foretell when this country will receive larger importations of meat products, which we temporarily affect our prices here. An import duty would tend to minimize live stock fluctuations caused by all other causes, and would instill confidence instead of fear in the minds of the producers. The powers in Mexico have levied an export duty on cattle about twice as large as the import duty this government took off. Some enterprising Mexicans are now slaughtering confiscated cattle in that country and shipping the meat to the United States. We cannot ship meat into Mexico without paying an import duty. Canada can ship live stock and meats into this country free, and has been doing so, while we pay an import duty on live stock and meats shipped into Canada. Argentina stockmen and slaughterers have been shipping the meat to the United States, and the stockmen of this government removed. During 1914 the United States received more than one-half the hides exported from Argentina, and they came here without paying any duty. Boots and shoes and leather goods are not any cheaper now than previous to the removal of the duty on hides.

The placing of live stock, meats, hides and wool on the free list has been of no real benefit to the consumer, and has given packers and those operating in other countries a decided advantage; it has taken from our government a large sum of much needed revenue; and has tended to make the raising and maturing of live stock in this country more of a certain business. At the time of the consideration of the tariff bill we pointed out these facts to congress.

I also believe there is an opportunity for economy in the marketing of live stock and particularly in the distribution of its products. There seems to be too wide a margin between what the producer receives for live stock and prices paid by the consumer. This question is still receiving the attention of the special committee appointed to study this phase of the situation and I trust some recommendations will soon be submitted by the department of agriculture.

**Foot and Mouth Disease**  
We are still fighting the most serious and extensive outbreak of foot and mouth disease that has ever occurred in this country. There have been five previous epidemics of this dread disease—in 1870, 1880, 1884, 1902 and 1908. The first three were comparatively trifling and were soon under control. Those in 1902 and 1908 were more grave and required great efforts to control them. The present outbreak covers a much wider extent of territory than all the others combined. It was officially recognized by the bureau of animal industry on October 18, 1914, though it had existed in two counties in Michigan since last August. Infected animals were shipped from Michigan to the Union Stock Yards, Chicago, which became infected, and from there the disease was rapidly spread



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through shipments out of the yards and from infected sections, to sixteen states in the east and to Kansas, Montana and Washington in the west. The existence of the disease in Kansas, Montana and Washington has been traced to animals shipped from the infected area in Wisconsin.

Since the outbreak the bureau of animal industry has taken every step possible to control the disease and prevent its spread. It has worked in close co-operation with the various state authorities, individuals and associations in quarantining states and infected districts. It has pursued its former policy of purchasing diseased and exposed animals upon appraised valuation; and slaughtering and burying them; the federal government paying one-half of the value, and the various states, in most cases, agreeing to pay the other half.

Early in November it developed that the bureau of animal industry was short of funds to carry on its work, and there was some fear that the methods of purchasing and slaughtering might have to be modified on that account. This association promptly urged upon various members of congress and the department of agriculture that there be no relaxation in the stringent methods of the bureau; and fortunately sufficient funds were finally secured until congress met, a bill carrying an appropriation of \$2,500,000 was introduced, passed and signed by the president. We should recommend that congress provide an emergency fund for use in future outbreaks of contagious diseases, and that the various states should likewise create a similar fund.

All authorities agree that the only effective way to eradicate the foot and mouth disease is the total destruction of all infected and exposed animals. Scientific investigations and the experience of other countries indicate that animals which may seem to be cured are still virus carriers and may later transmit the malady. It was a great mistake to attempt to save the big dairy herd on exhibition in Illinois, and the present lack of co-operation between the state officials and the stockmen of Illinois can be charged to that mistake. No matter at what cost, this government could well afford to spend the necessary funds to eradicate this epidemic.

If the disease got beyond control in the United States, it would mean that all the large stock yards and slaughtering establishments would have to be practically abandoned. No one would care to assume the risk of buying animals on any market. Shipments from any section of the country to the markets in another state would stop. New packing establishments would have to be erected at many points in the producing sections, and should the ranges of the west become infected with the foot and mouth disease, it would be an almost hopeless task to stamp it out.

It has not been definitely determined how the disease originated in Michigan, although it is generally believed that it was imported. The present outbreak may be one of the penalties this country is paying for its encouragement of the importation of foreign live stock, meat, hides and wool.

In commenting on this disease, Secretary Houston in his annual report stated:

"Apparently the only certain way to prevent the introduction of the disease into this country from abroad is to isolate this nation from others."

Such a policy is not likely to be adopted, but our government should at least surround the importation of meats, live stock, hides, and wool with the most rigid and thorough sanitary precautions. At present our government accepts the inspection of other countries whenever said inspection is supposed to be as efficient as in the United States. That does not afford sufficient, nor real protection. The inspection abroad should be as thorough as in this country, and should be made by inspectors of our bureau of animal industry at the time and place of slaughter and shipment. It would be cheaper to make this inspection abroad than to pay for the eradication of diseases which may gain entry here through faulty and inadequate foreign inspection. You should pass a strong resolution on this subject, condemning the present method of inspection.

Recently there was an attempt made to lease one of the islands in the Pacific for the purpose of erecting a packing house to slaughter cattle from the west coast of Mexi-

co and elsewhere. On account of the animal diseases infecting that country, this association filed a protest with the department of agriculture at Washington against granting permission to erect a slaughter house for that purpose, and I have every reason to believe that the application will be denied.

The foreign meat imported during 1914 was permitted to enter the regular meat warehouses and was sold in the various retail shops the same as our domestic meats, with nothing to indicate whether it was foreign or the home grown product. This foreign meat is of an inferior quality, and was consequently sold at wholesale at a lower price. Whether the consumer bought it cheaper is an open question. The probabilities are that the average consumer did not know the difference. If the general public is to derive any benefit whatever from the free importation of foreign meat, it must be sold in competition with the native product, and the only way to encourage and sustain that competition is to compel all those who handle imported meats to put up a placard notifying the public of that fact. Then both the foreign and our domestic meat will be sold on its merits, and the consumer will have a fair chance of getting what he pays for. And, to prevent any deception on the part of the retailer, all foreign meats should be plainly marked, showing where they came from, when inspected, and by whom.

### Increase in Railroad Rates

Our members have been fully informed, through circular letters sent out since our last annual meeting, of the various attempts of the railroads to advance rates on live stock from practically all points in the west to the Missouri river markets and Chicago, between ranges, and from different breeding sections to the feeding lots, etc. These advances have averaged from 5 to as high as 35 per cent, and besides the railroads have sought to advance all rates on meat products from slaughtering points to distributing centers. One of these cases, involving all the rates from the intermountain region to eastern markets, was tried before the interstate commerce commission in May and July of last year, and has been briefed, and we are now awaiting a decision. Another case, covering all other suspended rates, was partially heard in Chicago during the early part of this month. We believe that our evidence has shown that the live stock rates generally throughout the west are now relatively much higher than the average of rates on other commodities, and that no increase would be justifiable.

Many of you will remember that this association was largely instrumental in securing an amendment to

the interstate commerce law granting to the commission the power to fix rates, and that by the amendment of June 18, 1910, the rates in effect on January 1, 1910, were declared to be prima facie reasonable in any proceedings involving them, thus compelling the railroads to prove the justice of the proposed advances. It is well known that in times of industrial depression the volume of railroad traffic and earnings decrease faster than the railroads can reduce their expenses. This is also true of other industries. Whether the needs of the railroads for additional revenue are so urgent as to require higher rates is a question for the interstate commerce commission to determine. It is just that the determination of proposed increases should be based upon fairly normal conditions, judged in part from the results of railroad operations covering a period of years and by the prospect for the future. Your officers believe that live stock is now paying its fair share of the transportation burden, and we will continue to oppose any advance in the rates until after a thorough investigation and final determination by the interstate commerce commission. Live stock is the most important tonnage carried by the railroads in many sections of the west; it also promotes a heavy tonnage of other commodities. Our industry needs encouragement, not additional burdens through increased railroad charges.

I am pleased to report that in two cases brought by this association before the interstate commerce commission, one involving joint through rates on live stock from Arizona to California, decided December 21, 1914, and the other involving rates on sheep in double-deck cars, decided January 5, 1915, we were successful, the commission sustaining our contentions and granting the relief asked for. The effect of these decisions is a substantial reduction in the rates involved. Our association has never instituted any case before the interstate commerce commission except where our officers believed our position to be reasonable and fair, and it is gratifying that in nearly all of our cases we have been sustained by the commission.

At your annual meeting last year you adopted a resolution directing your officers to endeavor to secure a readjustment of the rates on live stock from the intermountain region westbound to the Pacific coast. After considerable correspondence and conference with interested railroads we secured substantial concessions in all live stock rates from Montana west bound to north Pacific coast terminals. By their action the roads conceded that the rates about which we complained were not reasonable.

(Continued on Page Six)

## "Buy the Goods— Not the Package"

Advises Hon. Geo. W. Perkins, Chairman of New York's Food Committee.

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